

**REPORT OF THE AUDIT OF THE
BELL COUNTY
CLERK**

**For The Year Ended
December 31, 2009**



**CRIT LUALLEN
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EXECUTIVE SUMMARY

AUDIT EXAMINATION OF THE BELL COUNTY CLERK

**For The Year Ended
December 31, 2009**

The Auditor of Public Accounts was engaged to complete the Bell County Clerk's audit for the year ended December 31, 2009. As a result of this engagement, we have issued a disclaimer of opinion on the Bell County Clerk's audit for the year ended December 31, 2009.

Report Comments:

- 2009 - 01 Inconsistent Travel Reimbursement Has Resulted In A Disallowed Expense And Questioned Costs
- 2009 - 02 The County Clerk's Office Lacked Adequate Internal Controls Over Payroll Processing
- 2009 - 03 The County Clerk Should Ensure Training Registration Fees Are Handled Properly
- 2009 - 04 The County Clerk Should Ensure Internal Controls Over Deposit Preparation Are Followed
- 2009 - 05 Overpayments Totaling \$6,392 Were Not Deposited Or Recorded
- 2009 - 06 The County Clerk Should Ensure All Receipts Are Properly Recorded And Deposits Are Made Intact
- 2009 - 07 There Is A Known Deficit Of \$8,849 In The County Clerk's Official Fee Account
- 2009 - 08 The County Clerk Should Ensure Compliance With KRS While Performing Automated Vehicle Information System (AVIS) Transactions
- 2009 - 09 Libraries And Archives Grant Monies Of \$27,832 Were Not Used As Intended
- 2009 - 10 The County Clerk Should Determine If A Part-Time Employee Is Eligible For County Retirement
- 2009 - 11 The County Clerk Should Consult With The County Attorney And Cumberland Valley Regional Board Of Ethics About The County's Nepotism Policy
- 2009 - 12 The County Clerk Should Ensure Invoices Are Paid In A Timely Manner
- 2009 - 13 The County Clerk Did Not Present The Annual Financial Statement To The Fiscal Court
- 2009 - 14 The County Clerk's Office Lacks Adequate Segregation Of Duties In The Deed Room

Deposits:

The County Clerk's deposits were insured and collateralized by bank securities or bonds.

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2009-09



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Albey Brock, Bell County Judge/Executive
The Honorable Becky Blevins, Bell County Clerk
Members of the Bell County Fiscal Court

Independent Auditor's Report

We were engaged to audit the accompanying statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Bell County, Kentucky, for the year ended December 31, 2009. This financial statement is the responsibility of the Bell County Clerk.

The County Clerk did not provide us with a management representation letter.

Since we were unable to obtain a management representation letter as required by auditing standards, the scope of our work was not sufficient to enable us to express, and we do not express, an opinion on the statement of revenues, expenditures, and excess fees - regulatory basis of the County Clerk of Bell County, Kentucky, for the year ended December 31, 2009.

We were engaged to audit the financial statement referred to above for the purpose of forming an opinion on the financial statement. The schedule of excess of liabilities over assets is presented for purposes of additional analysis and is not a required part of the financial statement. As discussed in the third paragraph above, the scope of our work was not sufficient to enable us to express an opinion on the financial statement of the County Clerk. Similarly, we are unable to express and do not express an opinion on the schedule of excess of liabilities over assets in relation to the financial statement.

In accordance with Government Auditing Standards, we have also issued our report dated July 19, 2011 on our consideration of the Bell County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2009 - 01 Inconsistent Travel Reimbursement Has Resulted In A Disallowed Expense And Questioned Costs
- 2009 - 02 The County Clerk's Office Lacked Adequate Internal Controls Over Payroll Processing
- 2009 - 03 The County Clerk Should Ensure Training Registration Fees Are Handled Properly
- 2009 - 04 The County Clerk Should Ensure Internal Controls Over Deposit Preparation Are Followed



The Honorable Albey Brock, Bell County Judge/Executive
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- 2009 - 11 The County Clerk Should Consult With The County Attorney And Cumberland Valley Regional Board Of Ethics About The County's Nepotism Policy
- 2009 - 12 The County Clerk Should Ensure Invoices Are Paid In A Timely Manner
- 2009 - 13 The County Clerk Did Not Present The Annual Financial Statement To The Fiscal Court
- 2009 - 14 The County Clerk's Office Lacks Adequate Segregation Of Duties In The Deed Room

This report is intended solely for the information and use of the County Clerk and Fiscal Court of Bell County, Kentucky, and the Commonwealth of Kentucky and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

July 19, 2011

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2009

Revenues

State Fees For Services	\$	11,571
Fiscal Court		30,244

Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	685,582
Usage Tax		1,206,539
Tangible Personal Property Tax		1,411,057

Other-

Fish and Game Licenses		9,597
Marriage Licenses		10,580
Occupational Licenses		235
State Tax		6,040
Deed Transfer Tax		17,664
Delinquent Tax		211,850
		3,559,144

Fees Collected for Services:

Recordings-

Liens		11,799
Deeds, Easements, and Contracts		7,669
Real Estate Mortgages		23,256
Chattel Mortgages and Financing Statements		43,626
Powers of Attorney		1,010
Affordable Housing Trust		21,313
All Other Recordings		13,341

Charges for Other Services-

Notary Fees		7,382
Copywork		11,042
		140,438

Other:

Refunds		227
Miscellaneous Receipts		4,022
		4,249

The accompanying notes are an integral part of this financial statement.

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

Revenues (Continued)

Interest Earned		\$	367
Unrecorded Receipts			
Overpayments Received Not Repaid to Taxpayers	\$	6,392	
License Fees		68	
Copywork		66	
Miscellaneous		34	
Recording Fees		43	
Mail in Fees		6	
Notary Fees		2	6,611
Total Revenues			3,752,624

Expenditures

Payments to State:			
Motor Vehicle-			
Licenses and Transfers	\$	495,563	
Usage Tax		1,170,382	
Tangible Personal Property Tax		479,754	
Licenses, Taxes, and Fees-			
Fish and Game Licenses		9,213	
Delinquent Tax		42,392	
Legal Process Tax		16,235	
Affordable Housing Trust Fund		16,326	2,229,865
Payments to Fiscal Court:			
Tangible Personal Property Tax		146,685	
Delinquent Tax		45,339	
Deed Transfer Tax		16,781	
Occupational Licenses		155	208,960
Payments to Other Districts:			
Tangible Personal Property Tax		717,251	
Delinquent Tax		77,352	794,603
Payments to Sheriff			4,534

The accompanying notes are an integral part of this financial statement.

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

Expenditures (Continued)

Payments to County Attorney	\$	28,970
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Operating Expenditures and Capital Outlay:

Personnel Services-

Deputies' Salaries	\$	201,885
Part-Time Salaries		7,621
Overtime		20,180

Employee Benefits-

Employer's Share Social Security		22,736
Employer's Paid Health Insurance		5,322
Employer's Paid Dental Insurance		1,467

Contracted Services-

Extra Help		80
Accounting Services		4,500

Materials and Supplies-

Office Supplies		289
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Other Charges-

Conventions and Travel		3,750
Refunds		891
Miscellaneous Expense		4,188
Election Expense		967
Preparing Tax Bills		3,514
Retroactive Retirement Contribution		499
		<hr/> 277,889

Capital Outlay-

Office Equipment		224
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Debt Service

Copier Lease		3,444
Hardware and Software Agreement		7,492
		<hr/> 10,936

Overpayment Remitted To Taxpayer By Money Order		466
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Unpaid Liabilities:

Overpayments Due To Taxpayers		5,926
Registration and Title Fees Due To Kentucky		
Transportation Cabinet		14
		<hr/> 5,940

The accompanying notes are an integral part of this financial statement.

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 STATEMENT OF REVENUES, EXPENDITURES, AND EXCESS FEES - REGULATORY BASIS
 For The Year Ended December 31, 2009
 (Continued)

Expenditures (Continued)

Total Expenditures	\$ 3,562,387	
Less: Disallowed Expenditure		
Room Service Charges	\$ 24	
Unsupported Cleaning Wages	<u>2,250</u>	
Total Disallowed Expenditures		<u>2,274</u>
Total Allowable Expenditures		<u>3,560,113</u>
Net Revenues		192,511
Less: Statutory Maximum		<u>76,734</u>
Excess Fees		115,777
Less: Expense Allowance	3,600	
Training Incentive Benefit	<u>2,646</u>	<u>6,246</u>
Excess Fees Due County for 2009		109,531
Payment to Fiscal Court - March 8, 2010		<u>95,000</u>
Balance Due Fiscal Court at Completion of Audit		<u>\$ 14,531</u>

The accompanying notes are an integral part of this financial statement.

BELL COUNTY
NOTES TO FINANCIAL STATEMENT

December 31, 2009

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of revenues over expenditures to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this regulatory basis of accounting, revenues and expenditures are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2009 services
- Reimbursements for 2009 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2009

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

At the direction of the fiscal court, KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

BELL COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2009
(Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost-sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability, and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5.0 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent for the first six months and 16.16 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, Kentucky 40601-6124, or by telephone at (502) 564-4646.

Note 3. Deposits

The Bell County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution. Although the County Clerk entered into agreements with two depository institutions, the requirements of part (b) were not met at one institution because the board of directors of the depository institution or loan committee did not approve the Bell County Clerk's written agreement securing the Clerk's interest in collateral pledged.

BELL COUNTY
NOTES TO FINANCIAL STATEMENT
December 31, 2009
(Continued)

Note 3. Deposits (Continued)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Bell County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2009, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Copier Lease

The Office of the County Clerk was committed to a lease agreement for a copier. The agreement requires a monthly payment of \$295 for 48 months to be completed on or before March 4, 2012. During the calendar year, the Clerk remitted lease payments totaling \$3,444 and received a property tax refund of \$91 that was applied toward the ending balance. As of December 31, 2009, the ending balance of the agreement was \$7,659.

Note 5. Hardware Service Agreement and Software License And Service Agreement

The Office of the County Clerk was committed to a hardware service agreement and a software license and service agreement with a software company. The agreements require monthly payments, as follows, to be completed on June 15, 2013:

Items	Monthly Payment	Term of Agreement	Principal Balance as of 12/31/09
Hardware Service Agreement	\$ 331	60 months	\$ 13,571
Software License & Service Agreement			
Deed Room Indexing System - 6 Terminals	350	60 months	14,350
Delinquent Tax System - 6 Terminals	275	60 months	11,275
Deed Room Imaging System - 5 Terminals	500	60 months	20,500
Deed Room Indexing System - 1 Additional Terminal	50	53 months	2,050
Votor Registration Imaging System - 1 Terminal	300	46 months	12,300
	<u>\$ 1,806</u>		<u>\$ 74,046</u>

During the calendar year, \$12,094 of grant funds were applied toward these monthly payments. The Clerk's office remitted payments totaling \$7,492 directly from the fee account. As of December 31, 2009, the principal balance outstanding is \$74,046.

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
SCHEDULE OF EXCESS OF LIABILITIES OVER ASSETS - REGULATORY BASIS

December 31, 2009

Assets

Cash in Bank	\$ 276,406
Deposits in Transit	32,077
Receivables	<u>239,733</u>
Total Assets	548,216

Liabilities

Paid Obligations:

Outstanding Checks	\$ 33,928
Outstanding Liabilities	<u>502,335</u>

Total Paid Obligations	<u>\$ 536,263</u>
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Unpaid Obligations:

Dental Insurance Withholding Due To Employee	31
Overpayments Due To Taxpayers	5,926
Registration and Title Fees Due To Kentucky	
Transportation Cabinet	14
Training Enrollment Fee Due To KCCA	300
Additional Excess Fees Due At Completion Of Audit	<u>14,531</u>

Total Unpaid Obligations	<u>20,802</u>
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Total Liabilities	<u>557,065</u>
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Total Fund Deficit as of December 31, 2009	<u><u>\$ (8,849)</u></u>
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS



CRIT LUALLEN
AUDITOR OF PUBLIC ACCOUNTS

The Honorable Albey Brock, Bell County Judge/Executive
The Honorable Becky Blevins, Bell County Clerk
Members of the Bell County Fiscal Court

Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards

We were engaged to audit the statement of revenues, expenditures, and excess fees - regulatory basis of the Bell County Clerk for the year ended December 31, 2009, and have issued our report thereon dated July 19, 2011, wherein we disclaimed an opinion on the financial statement because we were not provided a management representation letter. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Bell County Clerk's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Clerk's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Clerk's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying comments and recommendations, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying comments and recommendations as items 2009-01, 2009-02, 2009-03, 2009-04, 2009-05, 2009-06, 2009-07, and 2009-14 to be material weaknesses.



Report On Internal Control Over Financial Reporting And
On Compliance And Other Matters Based On An Audit Of The Financial
Statement Performed In Accordance With Government Auditing Standards
(Continued)

Compliance And Other Matters

As part of obtaining reasonable assurance about whether the Bell County Clerk's financial statement for the year ended December 31, 2009, is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2009-01, 2009-02, 2009-03, 2009-07, 2009-08, 2009-09, 2009-10, 2009-11, 2009-12, and 2009-13.

The Bell County Clerk's responses to the findings identified in our audit are described in the accompanying comments and recommendations. We did not audit the County Clerk's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Bell County Fiscal Court, and the Department for Local Government and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully submitted,



Crit Luallen
Auditor of Public Accounts

July 19, 2011

COMMENTS AND RECOMMENDATIONS

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2009

FINANCIAL STATEMENT FINDINGS:

2009 - 01 Inconsistent Travel Reimbursement Has Resulted In A Disallowed Expense And Questioned Costs

While reviewing travel reimbursements, auditors noted the Clerk did not consistently reimburse employees and herself in accordance with the Clerk's personnel policy. For example, from January through July 2009, the Clerk's personnel policy stated, "if you attend a meeting that requires you to be out of town all day, you will be allowed a \$30 food allowance per day". During this time period, auditors noted:

- During March, April and May 2009, the Clerk personally paid for meals for herself and employees then reimbursed herself based on receipts. These employees did not receive a per diem payment.
- On June 12th, an employee received a \$120 per diem payment in advance, for four days of attendance at the Kentucky County Clerks' Association (KCCA) Conference prior to the conference on June 14th through 17th. Review of records indicated that the employee's registration fee included payment for various meals over the four day period; therefore, \$80 of this employee's per diem is considered a questioned cost.
- On June 18th, a second employee received a \$120 per diem payment, for four days of attendance at the KCCA Conference. Review of records indicated that the employee's registration fee included payment for various meals over the four day period; therefore, \$80 of this employee's per diem is considered a questioned cost.
- The Clerk received reimbursement based on receipts for the travel expenses she incurred while attending the KCCA Conference. Included within this reimbursement was a duplicate charge for a room service meal for \$24 that is a disallowed expense. In addition, the Clerk was reimbursed for a meal, even though her registration fee included a meal provided at the conference. The meal cost of \$21 is also considered a questioned cost.

The Clerk's personnel policy was changed in July 2009 to state, "meal reimbursement shall be made on an actual expense basis by receipt not to exceed ten (\$10) dollars per meal." During this time period, auditors noted:

- During August, six (6) employees provided receipts for meal expenses and all received \$10 per day per diem reimbursements. Two (2) of these employees spent less than ten dollars, while four (4) spent more than ten dollars.
- On October 8th, the Clerk received reimbursement for food expenses for herself and a deputy clerk. The employee did not receive a per diem payment.
- On October 29th, two employees received \$30 per diem reimbursement for one day of travel, but did not submit receipts, as required by the Clerk's personnel policy.

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 01 Inconsistent Travel Reimbursement Has Resulted In A Disallowed Expense And
Questioned Costs (Continued):

The allowable amount of travel reimbursements are determined by the Clerk's personnel policy, as described above. Furthermore, the Department for Local Government's, "County Budget Preparation and State Local Finance Officer Policy Manual" includes a section, "Handling Public Funds Minimum Requirements Pursuant to KRS 68.210 For All Local Government Officials (And Employees)," that states, in part, "no prepayment for goods or services... (Section 3, Kentucky Constitution)". Inconsistent travel reimbursements have resulted in questioned costs totaling \$181, and a disallowed expense of \$24.

We recommend the Clerk adhere to her personnel policy by reimbursing herself and the Clerk's employees consistent with the policy. In addition, reimbursements should be made subsequent to trips, as prepayments are prohibited by the Kentucky Constitution. The Clerk should deposit personal funds of \$24 to the fee account for the disallowed expense. The questioned costs described above, totaling \$181, are being referred to the Fiscal Court for review. If the Fiscal Court determines these reimbursements were not reasonable and necessary, the Clerk should personally reimburse the fee account for these expenses as well, which will increase excess fees due to the Fiscal Court.

County Clerk's Response: I think it is unfair to ask an employee to travel and have extra money to pay for their food. When an employee travels for training for their job they are allotted a \$30.00 a day food allowance per [the auditor] during our last exit conference. So, as they are leaving for the training they are given money to pay for their food. Most people live from paycheck to paycheck they don't have extra money laying around to pay for food. [The auditor] wrote us up in this audit stating the employees need more training. However, no employee is going to want to go to any training when they are harassed by the auditor. In the past I would pay for their meals and the office reimbursed me but, [the auditor] told us we couldn't do that. However, that is exactly how the previous administration did it and nothing was ever said. It's a shame when someone resents an employee getting to eat a meal because they are out of town for training. The inconsistencies are due to [the auditor] telling us something different every time and not putting anything into writing.

Auditor's Reply: Our finding was based upon the per diem amount noted in the County Clerk's personnel policy. The auditor did not set the allowable per diem amount. Audit findings are always communicated in writing to an official during their exit conference. Auditors were unable to discuss this finding with the County Clerk because she did not appear for her scheduled exit conference.

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2009
 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 01 Inconsistent Travel Reimbursement Has Resulted In A Disallowed Expense And Questioned Costs (Continued):

County Clerk's Response: On August 25, 2009 six of my employees traveled to Somerset for an after hours training given by Revenue Cabinet on HB3. Each employee was allotted \$10.00 to eat on per [the auditor's] allotment during our last exit conference.

On October 7, 2009 [an employee] and I went to a KCCA meeting in Lexington I paid for our food and the office reimbursed me. There again I think it is unfair to ask an employee to travel and not provide their meals.

On October 27, 2009 [two employees] and myself traveled to Frankfort for mandatory website training. There are receipts attached to the travel logs. Evidently the auditor must have missed them. We ate together and they put all of ours on the same receipt. (see attached) See Appendix A.

Auditor's Reply: Our finding was based upon the per diem amount noted in the County Clerk's personnel policy. The auditor did not set the allowable per diem amount. After July 2009, the Clerk's personnel policy provided for, "meal reimbursement [] on an actual expense basis by receipt not to exceed ten (\$10) dollars per meal." The auditor verbally requested copies of receipts for the two employees for the October 27, 2009 training; however, receipts were not provided during the audit. The County Clerk provided copies of receipts with response to the finding. However, individual employees were not identified on the receipts and employees were reimbursed per diem (\$10 per meal) and not by actual receipt.

2009 - 02 The County Clerk's Office Lacked Adequate Internal Controls Over Payroll Processing

While performing our test of payroll, we noted the following:

- No documentation was available to support a \$250 payment to an employee of the Clerk's office for cleaning. Additional review determined this employee received a total of \$2,250 in undocumented payments for cleaning services throughout the calendar year. This part-time employee was also paid for hours worked in the Clerk's office; however, timecards were available to support payroll payments for those hours. The cleaning wages totaling \$2,250 are considered disallowed expenses.
- Seven (7) of eighteen (18) timecards were not signed by employees.
- Three (3) of nine (9) employees were overpaid for regular hours worked. Overpayments ranged from 1.69 to 3.1 hours per employee.
- One (1) timecard was not legible.

Effective internal controls for payroll processing require employee signatures on all timecards, payment for actual hours worked, and legible supporting documentation for all payroll payments. Funk v. Milliken, 317 S.W. 2d 499 (Ky. 1958), established the criterion that all expenses of the Clerk's office be supported by adequate documentation.

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 02 The County Clerk's Office Lacked Adequate Internal Controls Over Payroll Processing (Continued):

The Clerk had properly designed internal controls to ensure timecards were properly authorized, employees were paid for actual hours worked, and legible timecards were maintained to support payments made; however, these internal controls did not operate as intended. As a result, the weaknesses described above were not detected or resolved in a timely manner, and undocumented wages totaling \$2,250 have been disallowed.

We recommend the Clerk ensure established internal control procedures are properly implemented. By doing so, the Clerk will be certain that payroll payments are properly supported. The Clerk should deposit funds of \$2,250 to the fee account for the undocumented payments.

County Clerk's Response: We paid the cleaning person the same way the previous administration paid the cleaning person. It was not named in our 2007 audit and when [the auditor] told us in June of 2009 during the exit conference we started making the cleaning person clock in and out. Like I said it had never been an issue in the past and once it was brought to our attention we confirmed immediately. The \$250.00 named with no date, no time, no check number, etc. [sic] My bookkeeper went through the entire checkbook for 2009 and stated we have no checks issued for \$250.00.

Auditor's Reply: The 2008 exit conference was conducted on June 11, 2009. The employee received cleaning payments that were processed as payroll with earnings for regular hours worked on June 16th and 30th, July 14th and 28th, August 11th and 25th, and September 8th, 2009. Regular hours worked during these periods were supported by timecards. These payments were made from the payroll account, not the fee account, and were combined with earnings for regular hours worked; therefore, the net check amount could not have been \$250.

County Clerk's Response: The statement that three employees were overpaid for regular worked hours. There again, how can I respond when there is no name, no time, no date, no anything. [sic] [The auditor] did not ask any of us about this.

Auditor's Reply: Auditors were unable to discuss this finding with the County Clerk because she did not appear for her scheduled exit conference. It is the policy of the Auditor of Public Accounts to exclude identifying details from audit comments to preserve the anonymity of employees. Specific details, including copies of supporting documentation, will be provided to the Clerk upon request.

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 03 The County Clerk Should Ensure Training Registration Fees Are Handled Properly

The Clerk did not process training registration fees properly. During the course of the audit, we noted the following:

- On April 29, 2009, the Clerk paid the Kentucky County Clerk's Association (KCCA) \$1,000 for registration at the Spring Conference, for herself (\$400) and two full time employees (\$300 each).
- On June 9, 2009, the Clerk requested a refund from the KCCA for \$300; the registration fee for one-full time employee, because the employee would not be able to attend.
- On June 10, 2009, the KCCA refunded \$300 to the Clerk.
- On July 1, 2009, the refund check was cashed in the Clerk's office and was not properly deposited.
- From July 14th through the 17th, the Clerk, one full-time employee, and one part-time employee attended the Spring Conference. No additional disbursements had been made from the Clerk's fee account for registration of the part-time employee.
- On May 5, 2009, the Clerk paid the County Officials Leadership Institute for registration for three training workshops; two for herself and one for a full-time employee (\$65 each). These trainings were administered by the Kentucky Association of Counties (KACo).
- On May 14, 2009, the Clerk attended a workshop in London, Kentucky.
- On May 19, 2009, the Clerk and a full-time employee attended a workshop in Lexington, Kentucky.
- On June 18, 2009, KACo refunded \$130 to the County Clerk for registration fees for herself and the full time employee for the workshop held on May 19, 2009 because KACo offered the training event free of charge.
- On July 1, 2009, the refund check was cashed in the Clerk's office and was not properly deposited.

All payments to the Clerk, especially those reimbursing expenses incurred by the Clerk's fee account, should be deposited to the fee account. Furthermore, in order for properly designed internal controls to be effective, all procedures must be implemented, such as the reconciling of cash and checks as recorded to cash and checks on hand. If this control had operated as intended, these instances would have been detected and properly resolved. As a result, \$430 paid to the Clerk's fee account was not properly deposited and contributes to the deficit as reflected on the Schedule Of Excess Of Liabilities Over Assets.

We recommend the undeposited registration fees refunded from the KCCA and KACo, totaling \$430 be deposited to the fee account by the Clerk from personal funds. The Clerk should then remit payment to the KCCA, since the part-time employee actually attended the Spring Conference.

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2009
 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 03 The County Clerk Should Ensure Training Registration Fees Are Handled Properly
(Continued):

County Clerk's Response: Both checks were deposited back into the general account when the money was refunded to the clerk's office.

Auditor's Reply: Both checks were cashed in the Pineville fee account. Receipts were not issued for these checks, nor were they recorded on the daily checkout sheet or receipt ledger. The amount of cash that should have been included in the deposit for July 1st, 2009 was short.

2009 - 04 The County Clerk Should Ensure Internal Controls Over Deposit Preparation Are
Followed

Auditor inquiry about internal control procedures over receipts revealed the County Clerk opens the mail and distributes work received to the deputy and/or deputies that typically perform the applicable duty. Deputy clerks process work received in the mail, as well as serving taxpayers that appear in person in the Clerk's office. At the frontline, where vehicle transactions are performed, two cash drawers and two cash register ID's are shared between deputy clerks of the Clerk's office. At the end of the day, the bookkeeper is responsible for counting the money in both cash drawers. The following day, the bookkeeper prepares the daily checkout sheet and daily deposit. In order to prepare the daily checkout sheet, the bookkeeper must agree and/or reconcile total collections recorded on the cash register tape to the daily Automated Vehicle Information System (AVIS) report of all vehicle transactions performed to the monies in the cash drawers. One particular step of the daily checkout and deposit preparation procedures is to agree and/or reconcile cash and checks collected, as recorded on the cash register tape (by individual cash register ID number), to the cash and checks on hand, in each cash drawer. However, if the total amount deposited agreed to total collections on the cash register tape, then this procedure was not performed. Since the procedure noted above was not performed, the following occurred and was not detected:

- The total cost for usage tax and applicable fees totaled \$1,075. The dealership where the vehicle was purchased provided the Clerk's office with a check for \$1,541. The cash register tape recorded fees totaling \$1,075, paid by a check, resulting in an overpayment of \$466. However, the Clerk's records do not document an overpayment. The daily deposit for this day agreed to the checkout sheet and daily AVIS report, which means cash totaling \$466 was not properly deposited and the overpayment was not properly recorded.
- Subsequently, auditors learned that these taxpayers received a refund for the unrecorded overpayment related to the purchase of their vehicle. Although the unrecorded overpayment identified by auditors totaled \$466, the taxpayers received a postal money order for \$600. The address written on the postal money order was the Clerk's office mailing address. Auditors have verified no refund checks were issued from the Clerk's official fee account to these taxpayers. We have given the Clerk credit for \$466, of this payment by money order on the Statement of Revenues, Expenditures and Excess Fees, which will reduce the amount of unrecorded overpayments included in the Clerk's deficit.

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2009
 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 04 The County Clerk Should Ensure Internal Controls Over Deposit Preparation Are Followed (Continued):

In order for properly designed internal controls to be effective, all procedures must be implemented, including reconciling cash and checks on the cash register tape to cash and checks on hand. The failure to perform a properly designed internal control allowed the instance noted above to occur and not be detected. In addition, all overpayments remitted to taxpayers should be paid directly from the fee account.

We recommend the Clerk ensure that internal control procedures are properly implemented, which includes reconciling cash and checks collected and remitting all payments from the fee account.

County Clerk's Response: How can I respond to a situation where there is no name, no date and no vehicle information. [sic] [The auditor] did not ask us about this nor did [the auditor] provide a name or any other information for us to research it and see what [the auditor's] talking about. [The auditor] mentions names in other statements. Why not be up front and ask what happened in that particular situation. [sic]

Auditor's Reply: Auditors were unable to discuss this finding with the County Clerk because she did not appear for her scheduled exit conference. It is the policy of the Auditor of Public Accounts to exclude identifying details from audit comments to preserve the anonymity of taxpayers. Specific details, including copies of supporting documentation, will be provided to the Clerk upon request.

2009 - 05 Overpayments Totaling \$6,392 Were Not Deposited Or Recorded

As a result of the internal control weakness identified in comment #2009-04, we expanded testing of daily deposits and identified forty-one (41) instances (including the one described in comment #2009-04), totaling \$6,392 in which overpayments were received, but were not recorded. Thirty-nine (39) were for purchases of vehicles and two (2) were for registration fees. Registration certificates for forty (40) of these transactions were printed at the Pineville office. One (1) was printed at the Middlesboro office. Further investigation noted the following unique characteristics also attributable to these instances:

- Correction registration certificates were printed for nineteen (19) of the forty (40) instances in which overpayments were not properly recorded in the Pineville office.
- Thirty four (34) of the forty (40) vehicles purchased were from out of state dealers or dealers not located in the local area.
- Documentation attached to the Clerk's copy of two (2) registration certificates indicates that the transactions were initiated through the mail (i.e., a taxpayer did not appear in person).
- Multiple instances of noncompliance with Kentucky Revised Statutes (KRS) were noted. Refer to comment #2009-08 for additional details and explanations.

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 05 Overpayments Totaling \$6,392 Were Not Deposited Or Recorded (Continued):

Auditors note that the instances identified above are the results of sample test procedures, and not a review of every business day, which is not feasible. Therefore, there could be additional instances of overpayments being received, but not recorded that were not identified during audit testing.

In order for properly designed internal controls to be effective, all procedures must be implemented, including reconciling cash and checks on the cash register tape to cash and checks on hand. The failure to perform a properly designed internal control resulted in cash totaling \$6,392 not being recorded or deposited to the Clerk's fee account. The amount not repaid to taxpayers, totaling \$5,926 contributes to the deficit in the Clerk's fee account as reflected on the Schedule of Excess of Liabilities Over Assets.

We recommend the Clerk ensure all steps of internal control procedures are properly implemented. In addition, the Clerk should pay taxpayers for the overpayments due, as noted on the Statement of Revenues, Expenditures and Excess Fees and on the Schedule of Excess of Liabilities Over Assets. We will refer our findings to the Office of the Attorney General for further review.

County Clerk's Response: [The auditor] spent approximately nine months in Bell County. [The auditor] had enough time to go through everything. There again, [the auditor] did not ask us about any of these transactions. [The auditor] looked at one document only, [and] didn't realize the customer could have multiple documents. For example, taxes paid on trade-in, delinquent taxes, special license plate receipts, ordered a personalized plate for their new vehicle, applied for title on trade-in because they lost it, renewed another vehicle, etc. We are having to do this from AVIS because [the auditor] has misplaced, lost or kept many of our records. There again [the auditor] doesn't provide any pertinent information. [The auditor] didn't discuss it with us and did something with the paperwork. When has an auditor had the legal right to take official documents out of the county clerk's office. [sic]

Auditor's Reply: Audit procedures included reconciliations of daily totals to ensure all vehicle transactions were accounted for, thereby eliminating the possibility of unconsidered transactions, or documents. Auditors were unable to discuss this finding with the County Clerk because she did not appear for her scheduled exit conference. Specific details, including copies of supporting documentation, will be provided to the Clerk upon request. The auditor did not remove any original documents from the Bell County Courthouse. The APA complied with a subpoena from the Franklin County Grand Jury on July 6, 2011 in which representatives of the Kentucky Attorney General's office and the Kentucky State Police removed the Clerk's records from the Bell County Courthouse. The County Clerk has subsequently been provided a copy of the subpoena which includes a detailed list of records removed.

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 06 The County Clerk Should Ensure All Receipts Are Properly Recorded And Deposits Are Made Intact

While performing test procedures for overpayments, auditors discovered instances in which checks were included within the deposit, but receipts were not issued for these checks on the same day. Conversely, receipts were recorded that reflected payment by checks; however, no check for the corresponding amount could be located within the deposit. One characteristic of the Clerk's internal controls is that all receipts issued on one day should agree to the Clerk's daily deposit, checkout sheet and receipt ledger. The Clerk does not have an accounts receivable system for taxpayers, but allows the Fiscal Court to charge for fees.

The following example of a vehicle transaction for the Fiscal Court displays this audit finding:

- On May 4, 2009, a registration certificate was processed for an official license plate with a notary fee. Fees for this transaction totaled \$17. A cash register receipt was issued for this registration certificate for payment by check. Even though the Clerk did not receive payment for this transaction on May 4th, the daily Automated Vehicle Information System (AVIS) report of vehicle transactions agreed to the daily checkout sheet and daily deposit. The Clerk's office actually received and deposited a check for payment of this registration certificate on May 14, 2009. There were no transactions processed for the Fiscal Court on May 14, 2009; however, the monies collected on May 14th for vehicle transactions agreed to the daily AVIS report of fees and taxes due, and the daily deposit.

Since the Clerk only allows the Fiscal Court to charge for fees, the daily Automated Vehicle Information System (AVIS) report of vehicle transactions should not agree to the daily checkout sheet and daily deposit on both dates.

The following is a similar example in which the auditor identified the purpose of monies received, but not recorded:

- A taxpayer remitted payment for \$57 because the total cost of a renewal decal and applicable taxes totaled \$55. The additional \$2 paid to the Clerk's office was likely for a mail-in fee; however, the mail-in fee was not recorded on the cash register tape.

While performing the audit, we were able to identify the purpose for twenty-four (24) instances totaling \$219 in receipts that were received, but were not recorded on the cash register tape or receipt ledger. Additional instances of unrecorded monies were identified; however, auditors were unable to determine the purpose of these payments because taxpayers did not always provide an explanation on their check(s).

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 06 The County Clerk Should Ensure All Receipts Are Properly Recorded And Deposits
 Are Made Intact (Continued):

One instance in which a receipt recorded payment of a registration certificate by check, but a check was not included within the daily deposit, was for registration fees for the County Clerk's personal vehicle, totaling \$56. The auditors also noted two (2) checks payable to the Clerk were cashed in a cash drawer. The checks, for \$28 and \$10, were for personal receipts of the Clerk. Although these amounts are immaterial, the practice of cashing checks distorts the cash audit trail and prevents deposits from being made intact.

In order for properly designed internal controls to be effective, all procedures must be implemented, which includes reconciling cash and checks on the cash register tape to cash and checks on hand. The State Local Finance Officer, under the authority of KRS 68.210, has established minimum accounting requirements that include depositing receipts intact.

We recommend the Clerk ensure all steps of internal control procedures are properly implemented. In addition, the Clerk should deposit personal funds of \$219, then remit an additional \$14 to the Kentucky Transportation Cabinet for registration and title fees collected. The remaining \$205 increases excess fees due to the Fiscal Court. We will refer our findings to the Office of the Attorney General for further review.

The Auditor of Public Accounts gives officials an opportunity to respond in writing to the comments in the audit report. Portions of the Clerk's response are not included in this report because some of the passages were personal, inappropriate, and unrelated to the audit.

County Clerk's Response: We have always tagged the Fiscal Courts vehicle when they received them so, they can go ahead and get the vehicles on the road. The court has always paid us after the fiscal court meets on the second Tuesday of the month. Therefore, the check and cash balance would be off for the day the transaction was done and the day we received the money from the court. The previous administration did it this way and we just continued. It was never an issue in the past.

Auditor's Reply: We agree however that is not what occurred. The deposit for May 4th, 2009 was not short by \$17 and the deposit for May 14th was not over by \$17.

County Clerk's Response: There again for the 24 instances there is not date, time, name or anything else listed. How can I respond to something that we were provided no information. [sic]

Auditor's Reply: Auditors were unable to discuss this finding with the County Clerk because she did not appear for her scheduled exit conference. It is the policy of the Auditor of Public Accounts (APA) to exclude identifying details from audit comments to preserve the anonymity of taxpayers. Specific details, including copies of supporting documentation, will be provided to the Clerk upon request.

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 06 The County Clerk Should Ensure All Receipts Are Properly Recorded And Deposits
 Are Made Intact (Continued):

County Clerk's Response: Front line tagged my vehicle for me and she thought I was going to pay for it with a check. But, when she came to my desk to get my money I gave her cash. She just thought I was going to pay for it with a check.

Auditor's Reply: The amount of cash that should have been deposited was not over on the date the Clerk's vehicle was registered.

County Clerk's Response: I strongly disagree with the personal reimbursement. Many of our records are missing because [the auditor] took the records from our office. [The auditor] was seen taking the records from the courthouse in Pamper Boxes, [the auditor] was shredding paperwork, [the auditor] misplaced paperwork, [the auditor] got 2009 and 2010 confused more than once. [The auditor] tried to ask the bookkeeper about a cash register tape and [] was looking at a 2010 document and a 2009 cash register tape. [The auditor] would get Middlesboro's cash register tapes confused with Pineville's.

Auditor's Reply: The auditor did not remove, nor shred any original documents from the Bell County Courthouse. The Auditor of Public Accounts complied with a subpoena from the Franklin County grand jury on July 6, 2011 in which representatives of the Kentucky Attorney General's office and the Kentucky State Police removed the Clerk's records from the Bell County Courthouse. The County Clerk has subsequently been provided a copy of the subpoena which includes a detailed list of records removed.

County Clerk's Response: Again [the auditor] would not ask us any questions and [the auditor] didn't realize there could be multiple registrations on one customer.

Auditor's Reply: Audit procedures included reconciliations of daily totals to ensure all vehicle transactions were accounted for, thereby eliminating the possibility of unconsidered transactions, or documents.

County Clerk's Response: I feel like [the auditor] was out to get us from the very beginning. [The auditor's] family is from Bell County []. My understanding is that an auditor cannot audit their home county. When [the auditor] came in to start the audit [the auditor] informed me of what a difficult race I was going to have and how great my opponent was.

Auditor's Reply: No auditors assigned to the Bell County Clerk's audits were originally from Bell County. Additionally, no auditors made any such statement(s) as described by the Clerk.

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 07 There Is A Known Deficit Of \$8,849 In The County Clerk's Official Fee Account

There is a known deficit of \$8,849 in the Clerk's official fee account. The deficit is comprised of the following:

- Overpayments received but not properly recorded and refunded to taxpayers, totaling \$5,926 (Comment #2009-05)
- Other receipts received but not properly recorded totaling \$219 (Comment #2009-06)
- Disallowed cleaning payments totaling \$2,250 that were not properly supported by a timecard (Comment #2009-02)
- Disallowed duplicate expense of \$24 for room service (Comment #2009-01)
- Refunded training enrollment fees, totaling \$430 that were improperly cashed through the cash drawer instead of being deposited (Comment #2009-03)

As in any office, the Clerk should ensure all monies paid to her office are properly deposited and all expenditures are adequately documented, reasonable and necessary for the operations of the Clerk's office.

We recommend the County Clerk deposit personal funds of \$8,849 into the official fee account to cover the deficit. After the deficit is paid, the Clerk should pay all unpaid liabilities due to taxpayers, as well as additional excess fees of \$14,531 due the Fiscal Court as noted on the Statement of Revenues, Expenditures And Excess Fees. If the Fiscal Court determines the questioned costs noted in comment #2009-01, totaling \$181 were unreasonable and/or unnecessary for the operations of the Clerk's office, the deficit in the Clerk's official fee account, and the amount of excess fees due the Fiscal Court will increase by \$181.

County Clerk's Response: I strongly disagree with the deficit amount because I feel like the auditor was biased from the beginning and did not understand how the county clerk's office operates. For example, the multiple registrations for a customer.

Auditor's Reply: Audit procedures included reconciliations of daily totals to ensure all vehicle transactions were accounted for, thereby eliminating the possibility of unconsidered transactions, or documents. All audit findings and supporting documentation was reviewed for accuracy before audit findings were communicated to the County Clerk. Auditors were unable to discuss the deficit with the County Clerk because she did not appear for her scheduled exit conference.

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2009
 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 08 The County Clerk Should Ensure Compliance With KRS While Performing
Automated Vehicle Information System (AVIS) Transactions

While reviewing the supporting documentation for transactions identified in comment #2009-05, we noted the following:

- Three (3) vehicles did not appear to have been inspected. These vehicles were automobiles purchased from out-of-state dealers that did not have existing Kentucky titles.
- Fourteen (14) Applications for Kentucky Certificate of Title and Registration were incomplete for the following reason(s):
 - Two (2) Applications did not include the owner/buyer's signature.
 - The out-of-state notary was not properly stamped/embossed on five (5) Applications. In these instances the Clerk used the affidavit value to calculate usage tax.
 - One (1) Application did not include the seller's signature
 - The owner/buyer's signature was not properly stamped/embossed on three (3) Applications.
 - The County Clerk portion of two (2) Applications was not complete
- One vehicle was processed with credit for two trade-in vehicles. The Clerk's office properly processed the transaction with credit for one trade vehicle, but then performed a frontline correction to decrease usage tax value for a second trade vehicle.

KRS 186A.115(1) states, "[e]xcept as otherwise provided in this section, the owner of every vehicle brought into this state and required to be titled in this state shall, before submitting his application for title to the county clerk, have the vehicle together with his application for title and its supporting documents inspected by a certified inspector in the county in which the application for title is to be submitted to the county clerk." The County Clerk is given the responsibility to ensure the application for titles submitted to her office are properly completed before being registered, under KRS 186A.085, which notes, "[n]o county clerk shall accept an application for a certificate of registration or title, or license plate, unless the vehicle bears an apparently legitimate vehicle identification number... as indicated by an owner's application." Furthermore, KRS 186A.275 states, "[n]o county clerk or other person who is authorized to utilize the automated vehicle registration and titling system, shall knowingly enter into such system, information enabling the system to produce a certificate of title and registration, certificate of registration, or certificate of title,... unless he has in his official custody at the time he enters such information into the system, an application which he believes to be bona fide and in proper form... ."

According to KRS 138.460(7)(a) and (b), the "county clerk or other officer shall not title, register, or issue any license tags to the owner of any motor vehicle subject to this tax, when the vehicle is then being offered for titling or registration for the first time, unless the seller or his agent delivers to the county clerk a notarized affidavit, if required, and available under KRS 138.450 attesting to the total and actual consideration paid or to be paid for the motor vehicle. (b) If a notarized affidavit is not available, the clerk shall follow the procedures under KRS 138.450(12) for new vehicles, and KRS 138.450(14) or (15) for used vehicles."

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 08 The County Clerk Should Ensure Compliance With KRS While Performing
Automated Vehicle Information System (AVIS) Transactions (Continued):

No usage tax exemptions described within KRS 138.470 allow a Clerk's office to reduce usage tax value for a second trade vehicle. The Clerk should have given the taxpayer credit for the value of one trade-in vehicle, then referred the taxpayer to the Department of Revenue to request a refund for the value of the second trade-in vehicle.

We recommend the Clerk establish procedures to ensure all requirements of KRS are met before a vehicle is registered and/or titled. The Clerk could consider additional training for office staff so employees are knowledgeable about documentation required to register/title vehicles and allowable reductions of usage tax. We will refer our findings to the Kentucky Transportation Cabinet and the Kentucky Department of Revenue for further review.

County Clerk's Response: Title Branch in Frankfort prints all titles we accept the applications at face value. [sic] Title Branch then decides if the paperwork is correct and in compliance with the KRS. After title branch reviews every application submitted they issue the titles. The owner/buyer always signs the title application however, if the owner/buyer doesn't press down hard enough it will not go through the triplicate form. So, the copy you are looking at may appear as if they didn't sign it.

The State of Kentucky does not require a notary to stamp or emboss their signature. There again if they had used a stamp or embossment it wouldn't show on the copy [the auditor] would have been looking at. (see attached KRS)

Auditor's Reply: A KRS was not attached to the Clerk's responses. Although Kentucky does not require a notary stamp, the State of Tennessee requires a round ink stamp in which the seal impression must be photographically reproducible. The five (5) instances noted in our comment were for acknowledgements from Tennessee notary publics.

County Clerk's Response: The seller has to sign the back of the title but they are not required to sign the left hand side of the title application. The only way they have to sign the left hand side is if we are charging on selling price.

Auditor's Reply: In the instance identified, usage tax was calculated based upon selling, or affidavit price.

County Clerk's Response: In reviewing the title work each morning if one of the deputies forgot to complete the clerk's section they fill it out at that time. Therefore, the copy they made the day before would not show where they had completed the clerk's section.

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2009
 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 08 The County Clerk Should Ensure Compliance With KRS While Performing Automated Vehicle Information System (AVIS) Transactions (Continued):

County Clerk's Response: The State of Kentucky allows individuals to trade-in more than one vehicle to purchase another vehicle. That taxpayer has paid taxes on both trade-ins and is allowed tax credit for both vehicles. AVIS is only programmed to let you list one trade-in because that is what the majority of the people do. So, we have to manually calculate vehicles with two trade-ins. Taxpayers are entitled to receive credit for taxes they have paid.

Auditor's Reply: KRS 138.470 does not allow a County Clerk's office to reduce usage tax for credit of a second trade vehicle.

2009 - 09 Libraries And Archives Grant Monies Of \$27,832 Were Not Used As Intended

During calendar year 2008, the Clerk received a grant from the Commonwealth of Kentucky Department for Libraries and Archives (the Department) for \$58,246, intended to purchase an imaging system. Documents provided to auditors performing the 2008 fee audit and submitted to Libraries and Archives reflected the total cost of the imaging system was \$58,246. However, while performing audit procedures for the 2009 fee audit, we discovered the actual cost of the imaging system was amended to \$30,414. The difference of \$27,832, was paid to the company providing the imaging system, but was used as payment for the following:

- \$9,833 for monthly payments for hardware service and software license and service agreements due during calendar year 2008
- \$12,094 for monthly payments for hardware service and software license and service agreements due during calendar year 2009
- \$1,355 for wiring services performed on March 24, 2008
- \$4,041 for the purchase of a 19 inch monitor and scanner; payment due on August 10, 2009
- \$509 for annual hardware maintenance payment for August 11, 2009 through August 11, 2010

The grant agreement noted the Clerk agreed to "submit in writing to the Department requests for approval of any changes that alter the scope of the project, its line-item budget, activities or location before any changes are made. Changes are not allowable until written approval is received by the local government from the Department." The grant agreement also stipulated the Clerk should, "return any unexpended or unobligated balance of funds to the Department". The Clerk has an obligation to expend grant funds for their intended purpose and fee monies in accordance with applicable statutes.

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2009
 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 09 Libraries And Archives Grant Monies Of \$27,832 Were Not Used As Intended
(Continued):

Specifically, The Department for Local Government's, "County Budget Preparation and State Local Finance Officer Policy Manual" includes a section, "Handling Public Funds Minimum Requirements Pursuant to KRS 68.210 For All Local Government Officials (And Employees)," that states, in part, "no prepayment for goods or services... (Section 3, Kentucky Constitution)". This applies to both grant funds and fee account monies. Furthermore, monthly maintenance payments, equipment purchases, and payments for services are allowable fee account expenditures and should have been funded from the fee account, rather than from grant funds obligated for the purchase of an imaging system.

As a result, the Clerk did not properly meet the obligations of the grant, and grant monies may need to be repaid to the Department for Libraries and Archives. If grant monies had been administered properly, excess fees paid to the County for calendar years 2008 and 2009 would have been \$11,188 and \$16,644 less, respectively.

We recommend the Clerk comply with the guidelines of all future grants received. We will refer our finding to the Kentucky Department for Libraries and Archives for their review.

County Clerk's Response: The grant from Library and Archives was executed correctly by [a representative] with Library and Archives. [The Libraries and Archives representative] typed up all the paperwork and executed it correctly. Library and Archives gave us a grant in the amount of \$58,246.00 and we wrote a cashier's check to [a software company] for the exact same amount. (see attached copies) See Appendix B

Auditor's Reply: An amended bid for \$30,414 was not provided to the auditors or to the Kentucky Department for Libraries and Archives. As a result \$27,832 of grant monies should have been returned to Libraries and Archives.

2009 - 10 The County Clerk Should Determine If A Part-Time Employee Is Eligible For County Retirement

During the course of the audit, we determined a part-time Clerk employee's wages could be eligible for retirement withholdings. The part-time employee did not maintain scheduled working hours throughout the calendar year because she is employed full-time by a local school district. Review of the employee's timecards noted she frequently worked after business hours, on weekends and during summer months. The employee worked an average of seventy-four (74) hours per month, which does not include undocumented hours spent cleaning from January through August (refer to comment #2009-02 for additional explanation).

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2009
 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 10 The County Clerk Should Determine If A Part-Time Employee Is Eligible For County Retirement (Continued):

KRS 61.680(6) states, “any member of the Kentucky Employees Retirement System or County Employees Retirement System who is working in more than one (1) position covered by the same retirement system, shall have his wages and contributions consolidated and his retirement account administered as a single account. If part-time positions are involved, an accumulation of all hours worked within the same retirement system shall be used to determine eligibility under KRS 61.510(21).” KRS 61.510(21) defines eligibility as those “positions that average one hundred (100) or more hours per month, determined by using the number of months actually worked within a calendar or fiscal year.”

As a result, the employee could have been subject to retirement withholdings. We recommend the Clerk consult with Kentucky Retirement Systems to determine whether this employee is eligible for retirement.

County Clerk's Response: [An auditor] with the auditor's office did our exit conference in June 11, 2009 for 2008. At that time [the auditor] stated that we would have to start requiring the cleaning person to clock in and out. The cleaning person has never had to clock in and out we just continued doing what the previous administration had done. As soon as [the auditor] said they would have to clock in and out we started. I don't see how we can be wrote up or fined for something that was never an issue until [the auditor] stated that we had to start. We started requiring the cleaning person to clock in and out. As [the auditor] states she works an average of 74 hours per month. We just continued doing what the previous administration did. However, we will contact the Kentucky Retirement System immediately to find out what we need to be doing.

Auditor's Reply: The employee received cleaning payments that were processed as payroll with earnings for regular hours worked on June 16th and 30th, July 14th and 28th, August 11th and 25th, and September 8th, 2009. Regular hours worked during these periods were supported by timecards.

2009 - 11 The County Clerk Should Consult With The County Attorney And Cumberland Valley Regional Board Of Ethics About The County's Nepotism Policy

Review of the Clerk's payroll records has noted that a Clerk's relative is a part-time employee who earns \$11 per hour. This part-time employee was hired during calendar year 2007. Two full-time employees, hired during March 2007 and September 2008, earn \$9.50 and \$7.50, respectively. The full-time employees work regular schedules during office hours, while the part time employee primarily works evenings and weekends, frequently after office hours, and during summer months.

The County's Nepotism Policy states, “[n]o county government officer or county government employee shall act in his/her official capacity to hire or cause to be hired any member of his/her immediate family at an hourly pay rate or with benefits in excess of any other employee with similar job duties, responsibilities, and qualification requirements.” The Regional Board of Ethics is responsible for the investigations of possible violations and impositions of penalties as provided in the Bell County Code of Ethics.

BELL COUNTY
 BECKY BLEVINS, COUNTY CLERK
 COMMENTS AND RECOMMENDATIONS
 For The Year Ended December 31, 2009
 (Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 11 The County Clerk Should Consult With The County Attorney And Cumberland Valley Regional Board Of Ethics About The County's Nepotism Policy (Continued):

We recommend the Clerk consult with the County Attorney and the Cumberland Valley Regional Board of Ethics for their review. We are also referring this matter to the Cumberland Valley Regional Board of Ethics.

County Clerk's Response: The employee in question has over 14 year experience in the county clerk's office. Time and experience should count for something. Everybody knows that an employee with experience and a college degree receives more pay than a new employee with no experience and no degree.

Auditor's Reply: We have referred this matter to the Cumberland Valley Regional Board of Ethics for comparison of the part time employee's hourly pay rate, benefits, job duties, responsibilities, and qualifications to other full time employees. Refer to comment #2009-10 for additional details regarding the part time employee's job duties and responsibilities.

2009 - 12 The County Clerk Should Ensure Invoices Are Paid In A Timely Manner

While reviewing expenditures, we noted a payment for \$7,592 made to a software company on December 31, 2009 was for six (6) invoices dated August 16, 2009 through December 16, 2009. The following schedule displays these invoices:

<u>Item</u>	<u>Amount Due</u>	<u>Due Date</u>
Portion of monthly payment for hardware service & software license and service agreements for August 2009	\$ 268	08/16/09
Monthly payment for hardware service & software license and service agreements for:		
September 2009	1,806	09/16/09
October 2009	1,806	10/16/09
November 2009	1,806	11/16/09
December 2009	1,806	12/16/09
Purchase of computer cables	100	09/20/09
	<u>\$ 7,592</u>	

KRS 65.140(2) states, "unless the purchaser and vendor otherwise contract, all bills for goods and services shall be paid within thirty (30) working days of a vendor's invoice." In consideration of this criterion, six (6) invoices listed above were not paid in a timely manner. We recommend the Clerk comply with KRS 65.140(2) by paying invoices in a timely manner.

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 12 The County Clerk Should Ensure Invoices Are Paid In A Timely Manner (Continued):

County Clerk's Response: The software the vendor sold us was not working properly, we were withholding payment in order to get them to correct the problem. We don't like to waste taxpayer's money on software that doesn't work so, we withheld payment until the problem was corrected. This allowed us to get their attention and correct the problem. You failed to mention that all of our other bills were paid on time.

Auditor's Reply: The Clerk informed the auditor that the voter registration imaging system was not working properly; however, the monthly payment for the voter registration portion was only \$300 of the \$1,806 monthly payment (refer to note #5 for additional details). Furthermore, the payment noted on December 31, 2009 paid all outstanding invoices; however, the Clerk did not remit payments timely to this vendor during calendar year 2010. This comment was repeated in the calendar year 2010 audit.

2009 - 13 The County Clerk Did Not Present The Annual Financial Statement To The Fiscal Court

The County Clerk did not present the annual financial statement to the Fiscal Court. Although the Clerk's excess fee payment was presented and approved by the Fiscal Court on March 9th, 2010, the annual financial statement was not presented with the excess fee payment. KRS 64.152(1), requires the County Clerk to provide a complete statement, for the preceding calendar year, of all funds received by her office in an official capacity or for official services, and all expenditures of the her office including her salary, compensation of deputies and assistants, and reasonable expenses to the Fiscal Court by March 15th. We recommend the County Clerk comply with KRS 64.152(1) in the future, by ensuring the financial statement is presented to and approved by the Fiscal Court by March 15th of each year.

County Clerk's Response: It was advertised in the Middlesboro Daily News as required by statute and presented to the court along with the excess fees check on March 9, 2010.

Auditor's Reply: By review of written Fiscal Court minutes, viewing the video tape of the Fiscal Court meeting, and search of the records submitted to the Bell County Judge Executive's office during Fiscal Court meetings, the auditor determined the annual financial statement was not presented to the Fiscal Court.

BELL COUNTY
BECKY BLEVINS, COUNTY CLERK
COMMENTS AND RECOMMENDATIONS
For The Year Ended December 31, 2009
(Continued)

FINANCIAL STATEMENT FINDINGS (CONTINUED):

2009 - 14 The County Clerk's Office Lacks Adequate Segregation Of Duties In The Deed Room

While reviewing the County Clerk's internal control procedures, we identified a lack of adequate segregation of duties in the deed room which includes delinquent tax receipts. One employee is primarily responsible for accepting payments from customers, recording receipts, preparing the checkout sheet for deed room and delinquent tax receipts, and preparing various monthly deed room reports. The onsite bookkeeper is also responsible for accepting deed room and delinquent payments from customers, recording receipts, preparing the daily checkout sheet for the entire office (which includes the deed room checkout sheet totals), preparing the daily deposit, and preparing the delinquent tax report. The Clerk had properly designed compensating controls that would have reduced the risks associated with this weakness; however, instances in which deposits were not properly reconciled (Comment 2009-04 and 2009-05) demonstrated the Clerk's compensating controls did not operate as designed.

In order for properly designed internal controls to be effective, all procedures must be implemented. The control to reconcile cash and checks on the cash register tape to cash and checks on hand should be performed. We recommend the Clerk ensure all steps of internal control procedures are properly implemented, in order to reduce risks associated with the lack of adequate segregation of duties over deed room and delinquent tax receipts.

County Clerk's Response: The bookkeeper checks behind the deed room employee. The deed room employee takes the money and provides a recap sheet of all of her transactions for that day. Then the bookkeeper checks her totals and receipts.

Auditor's Reply: The bookkeeper's duties are not adequately segregated in regard to deed room receipts. Audit findings determined compensating controls did not operate effectively.

BELL COUNTY CLERK
INVOICES RELATED TO COMMENT 2009-01

BELL COUNTY CLERK
INVOICES RELATED TO COMMENT 2009-01
APPENDIX A



BOB EVANS #402

DL# 52 PTY# 3
Driver Name: A
SEAT: 1
1 Homestead 7.99
Coffee 1.69
Seat 1 SubTotal: 9.68
SEAT: 2
1 Homestead 1.99
Seat 2 SubTotal: 1.99
SEAT: 3
1 Homestead 7.99
Seat 3 SubTotal: 7.99
SubTotal 25.66
Tax 1.54
Total 27.20

10/27/2009 R3 07:30 AM

THANK YOU FOR VISITING
BOB EVANS
Richmond, KY

859-276-0433

Date

10/27/09

M. Melanie's

No. 238 W. Main St. Frankfort

Reg. No.	Clerk	ACCOUNT FORWARD
1		
2		
3	3 Jimmy's	
4		
5		
6		
7		
8		
9		
10		
11		
12		
13		
14		
15		

Your Account Stated to Date — If Error Is Found Return at Once.

BELL COUNTY CLERK
INVOICES RELATED TO COMMENT 2009-01
APPENDIX A
(Continued)

Steak 'n Shake No:334
390 PTY. 1
En D 10/27/09 6:25:58 PM
Subtotal 27.40
Tax 1.64
Total 29.04
Ending:2408 Amount: 29.04
P AuthCode: 072628
BETWINS/BECKY

1/2 Price Happy Hour!!!
Shakes and Drinks
Weekdays 2-4 PM

THANK YOU FOR VISITING
Tell Us About Your Experience
1-877-STK-N-SHK (1-877-785-6745)
To contact this store
Call (859)626-9300
Join our eClub at www.steaknshake.com
to receive the latest news, promotions
and special offers!!!
Customer Copy

BELL COUNTY CLERK
LIBRARY AND ARCHIVES DOCUMENTATION RELATED TO COMMENT 2009-09

BELL COUNTY CLERK
LIBRARY AND ARCHIVES DOCUMENTATION RELATED TO COMMENT 2009-09
APPENDIX B

EXHIBIT D-1

SY0903LR02
Agreement NumberReport No. 1Term of Project July 1, 2008 To June 30, 2009

COMMONWEALTH OF KENTUCKY
DEPARTMENT FOR LIBRARIES AND ARCHIVES
STATE - FUNDED LOCAL RECORDS PROJECT



PROJECT STATUS REPORT

REPORT PERIOD COVERING 7/1/2008 TO 10/15/2008GRANT RECIPIENT: OFFICE OF THE COUNTY CLERK, BELL COUNTYNAME OF PROJECT: BELL COUNTY LOCAL RECORDSKDLA PROJECT LIAISON/MONITOR: LARRY BARNETT

NOTE: A response must be provided for each item on this report. If needed, use additional pages.

Describe specific activity which has occurred during the reporting period. Explain any problems encountered and measure taken or proposed to lessen or alleviate the problems. (Use additional page if necessary.)

This project has now been completed and account has been closed. There were no problems encountered during the term of the project.

Signature of Person Completing Report Bryan Bloin Date 12/09/08Reviewed by KDLA Liaison/Monitor Larry Barnett Date 12/9/2008Attach this form to Appropriate Financial Expenditure Report

BELL COUNTY CLERK
 LIBRARY AND ARCHIVES DOCUMENTATION RELATED TO COMMENT 2009-09
 APPENDIX B
 (Continued)

COMMONWEALTH OF KENTUCKY
 DEPARTMENT FOR LIBRARIES AND ARCHIVES
 FINANCIAL EXPENDITURE REPORT
 Local Records

EXHIBIT E-4
 Fiscal year: 2009
 Report Number: 1

SY0903LR02
 Agreement Number

BELL COUNTY LOCAL RECORDS
 Name of Project

Term of Project July 1, 2008 to June 30, 2009

OFFICE OF THE COUNTY CLERK, BELL COUNTY PO BOX 157, 101 COURTHOUSE SQUARE, SUITE 200 PINEVILLE, KENTUCKY 40977 County: BELL		Final Report	
		Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>
		Period Covered by this Report	
		(must be the same as the time period covered in Project Status Report) From 7/1/08 to 10/15/08 mo, day, year mo, day, year	
CATEGORY	Approved Budget	Actual Amount Expended To Date	Amount Obligated to Date (not paid)
IMAGING SYSTEM	58,246.00	58,246.00	- 0 -
<i>*Note: interest was deposited into the Clerk's general account</i>			
TOTAL		58,246.00	58,246.00 - 0 -
SUMMARY			
a. Total Grant Funds Received and Deposited To Date		\$ 58,246.00	Total amount of interest earned through the ending date of this Financial Expenditure Report: \$ 24.27 (do not include in summary amounts)
b. Total Amount Expended To Date		\$ 58,246.00	
d. Cash Balance Remaining (a minus b)		\$ - 0 -	
I certify to the best of my knowledge that this report is accurate and complete.			
Signature of Authorized Certifying Individual <i>Betsy Blum</i>		Title <i>Bell County Clerk</i>	
Telephone number including area code 606-337-6143		Date 12/9/08	
Signature, KDLA Liaison/Monitor <i>Barry Barnett</i>		Date 12/9/08	

Attach this form to the appropriate Project Status Report. Also, attach proper documentation for expended or obligated funds.
 KDLA R 5/2000

BELL COUNTY CLERK
 LIBRARY AND ARCHIVES DOCUMENTATION RELATED TO COMMENT 2009-09
 APPENDIX B
 (Continued)

FSF		CASHIER'S CHECK		73-096 421	No. 243657
First State Financial		Middlesboro, Pineville, Williamsburg, Lexington, KY - Jellico, TN		Date 9/30/2008	
PAY TO THE ORDER OF		OFFICE MANAGEMENT INC.		\$ 10,000.00	
				DOLLARS	
FOR: BELL CO. CLERK-LIBRARIES & ARCHIVES		GRANT		PURCHASER'S RECEIPT	
				NOT NEGOTIABLE	

FSF		CASHIER'S CHECK		73-096 421	No. 243658
First State Financial		Middlesboro, Pineville, Williamsburg, Lexington, KY - Jellico, TN		Date 10/1/2008	
PAY TO THE ORDER OF		BELL COUNTY COURT CLERK		\$ 10,000.00	
				DOLLARS	
INTEREST FROM SAVINGS ACCT# 68702620 - LIBRARIES & ARCHIVES		FOR: 2007 GRANT FUND		PURCHASER'S RECEIPT	
				NOT NEGOTIABLE	

FSF		TRANSACTION RECEIPT	
First State Financial		www.firststatefinancial.net	
Middlesboro, Pineville, Williamsburg, Lexington, KY - Jellico, TN			
Thank You For Banking With Us			
BELL COUNTY COURT CLERK			
Credit Amt \$58,246.00			
CRDT 0001 004 00096 8/1/2008 02:08 PM			
Savings 68702620			

Checks and other items are subject to the terms and conditions of the bank's collection agreement.

BELL COUNTY CLERK
 LIBRARY AND ARCHIVES DOCUMENTATION RELATED TO COMMENT 2009-09
 APPENDIX B
 (Continued)

FSF

First State Financial

P.O. Box 400 • Middlesboro, KY 40965 • Toll Free 1-800-248-5950
 Locations - Middlesboro, Pineville, Williamsburg, Lexington, KY
 Jellico, New Tazewell, TN

BELL COUNTY COURT CLERK
 BECKY BLEVINS
 LIBRARIES AND ARCHIVES 2007 GRANT FUND
 PO BOX 157
 PINEVILLE KY 40977

09/30/08

0068702620

PG 1

CYCLE-051

BANK CUTOFF TIME 4:00 PM

*** SAVINGS *** BUSINESS SAVINGS BEGINNING RATE 0.25000
 ACCOUNT NUMBER 0068702620
 PREVIOUS STATEMENT BALANCE AS OF 07/31/0800
 PLUS 2 DEPOSITS AND OTHER CREDITS 58,270.27
 LESS 0 WITHDRAWALS AND OTHER DEBITS00
 CURRENT STATEMENT BALANCE AS OF 09/30/08 58,270.27
 NUMBER OF DAYS IN THIS STATEMENT PERIOD 61


*** SAVINGS ACCOUNT TRANSACTIONS ***

DATE	DESCRIPTION	DEBITS	CREDITS
08/01	DEPOSIT		58,246.00
09/30	INTEREST PAYMENT		24.27

*** BALANCE BY DATE ***
 07/31 .00 08/01 58,246.00 09/30 58,270.27

PAYER FEDERAL ID NUMBER..... 61-0192880
 INTEREST PAID YEAR TO DATE..... 24.27

BELL COUNTY CLERK
 LIBRARY AND ARCHIVES DOCUMENTATION RELATED TO COMMENT 2009-09
 APPENDIX B
 (Continued)

 First State Financial	P.O. Box 400 • Middlesboro, KY 40965 • Toll Free 1-800-248-5950 Locations - Middlesboro, Pineville, Williamsburg, Lexington, KY Jellico, New Tazewell, TN
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BELL COUNTY COURT CLERK
 BECKY BLEVINS
 LIBRARIES AND ARCHIVES 2007 GRANT FUND
 PO BOX 157
 PINEVILLE KY 40977

10/05/08

0068702620

PG

1

CLOSED

BANK CUTOFF TIME 4:00 PM

*** SAVINGS *** BUSINESS SAVINGS	BEGINNING RATE 0.25000
ACCOUNT NUMBER 0068702620	
PREVIOUS STATEMENT BALANCE AS OF 09/30/08	58,270.27
PLUS 0 DEPOSITS AND OTHER CREDITS00
LESS 2 WITHDRAWALS AND OTHER DEBITS	58,270.27
CURRENT STATEMENT BALANCE AS OF 10/05/0800
NUMBER OF DAYS IN THIS STATEMENT PERIOD 5	

*** SAVINGS ACCOUNT TRANSACTIONS ***
 DATE DESCRIPTION

DEBITS
 58,246.00
 24.27

CREDITS

*** BALANCE BY DATE ***
 09/30 58,270.27 10/01

24.27 10/02 .00

PAYER FEDERAL ID NUMBER..... 61-0192880
 INTEREST PAID YEAR TO DATE..... 24.27

10/05/08
 ACCOUNT CLERK
 BECKY BLEVINS

BELL COUNTY CLERK
LIBRARY AND ARCHIVES DOCUMENTATION RELATED TO COMMENT 2009-09
APPENDIX B
(Continued)



EDUCATION AND WORKFORCE DEVELOPMENT CABINET
Kentucky Department for Libraries & Archives

Steven L. Beshear
Governor

PO Box 537
300 Coffee Tree Road
Frankfort, KY 40602-0537
(502) 564-8300
Fax: (502) 564-5773
<http://kdl.ky.gov>

Helen W. Mountjoy
Secretary

Wayne Onkst
State Librarian

July 29, 2008

Becky Blevins
Bell County Clerk
PO Box 157
Pineville, Kentucky 40977

Dear Ms. Blevins:

Enclosed you will find a check for \$58,246 representing the first and final payment of the grant award for Bell County's Local Records Project Number SY0903LR02, as stated in the Exhibit B, the payment schedule, of your Local Records Grant Agreement. The check is to pay for an imaging system. Please remember to advise your vendor (Software Management, Inc.) that you have received your grant funds and that the respective vendor may now begin the project work, and/or order the equipment for your project. **This check should be deposited immediately and posted to your separate project account.**

Please refer to your copy of the Local Records Agreement between this department and your government for details regarding fiscal and program reporting requirements associated with this grant. If you have further questions regarding these requirements or concerning any aspect of your project, please don't hesitate to contact Sunnye S. Smith, Local Records Grant Specialist, or your Regional Administrator, Larry Barnett. We wish you much success on your project.

Sincerely,

Wayne Onkst
Wayne Onkst
State Librarian and Commissioner

Enclosure

cc: Jane Sampson
Jerry W. Carlton

KentuckyUnbridledSpirit.com



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BELL COUNTY CLERK
 LIBRARY AND ARCHIVES DOCUMENTATION RELATED TO COMMENT 2009-09
 APPENDIX B
 (Continued)

Page 1 Of 1

QUESTIONS, CALL (877)973-4357

COMMONWEALTH OF KENTUCKY
 DEPARTMENT OF THE TREASURY
 VENDOR: VC0000118217

DATE: 07/24/2008

CHECK CAT:UAM

PAYMENT DOCUMENT		INVOICE NO.	DESCRIPTION	AMOUNT
CD	DOC NUMBER			
GAX	555 0800223228	1ST DISBURSEMENT	Local Records Grant FY09	58,246.00
TOTAL				58,246.00

CHECK NO: 13574508

00191



Farmers Bank and
 Capital Trust Co.
 Frankfort, KY

COMMONWEALTH OF KENTUCKY
 DEPARTMENT OF THE TREASURY
 Frankfort, Kentucky

73-61
839

Check Number
 G1 13574508

Date: 07/24/2008

Pay to the
 Order of

BELL COUNTY OFFICE OF COUNTY C
 BELL CO CTHSE
 PO BOX 157
 PINEVILLE KY 40377

Amount

\$*****58,246.00

State Treasurer

13574508 00191 0020575

